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Considerations in Making a Trade Forecaste

Influence of War Orders on Recovery in Industry, and Important Effect of New Crops on Commerce—Lumber and Mining in British Columbia on the Way to Improvement.

The habit of taking retrospects, and making forecasts at the turn of the year, has lost none of its power over the human mind; and in the financial and commercial world it has not only attractiveness, but usefulness. Business men are ever taking stock, and try to gauge the influence of current events on future movements of trade. To a great extent it is in the accuracy of measuring trade movements that profit or loss is determined in the realm of business, and at no period of the year is it indulged in with greater profit than at the end of the old or the opening of the new year.

Few in the business world will be sorry to see 1914 a part of history. It has been trying to the strong; it has been disastrous to the weak. Difficulty has beset difficulty, weakness has been discovered in unforeseen places, and just when another adverse readjustment was about to set in on account of shortened crops, a mighty war further accelerated the movement.

The year just past has been chiefly a year of liquidation; liquidation in value of securities and realty throughout the Dominion; liquidation in commerce, industry, and general business; liquidation in enthusiasm born of dreams; liquidation in labor, prices of commodities, and running through the whole gamut of things for which we strive in the business world. It is to be feared that on the part of the weak-hearted there has been some liquidation in faith in the Dominion; but for those that are sensible, strong-hearted, and take a determined stand on Canada, faith in the future of Canada has been rather deepened by the way the Dominion is standing up during this period of storm and stress.

The first and most important consideration in the outlook is that of the war itself. While the ultimate outcome of the war is not for a moment in doubt, the most that can be said to date is that the German hammer of Thor has not been effective in beating down her enemies. In the Western theatre of war there is a deadlock, which has existed

for long weeks, either due to physical exhaustion or lack of munitions of war. In the Eastern theatre the tremendous fighting has appeared to have spent itself, and another deadlock is there threatened. The ensuing spring will witness the Allies on the offensive, and victory, that is certain to come, can be purchased only at a fearful cost. The end of the war can come only through economic exhaustion this is as far as we can see at the present—and when that time comes for Germany, no one can accurately forecast.

For the year 1915, therefore, it would be wise to figure that this great war we are engaged in as part of the British Empire is ever present. If peace should come, however, it is likely that it would have very little influence on business, except by way of sentiment.

Considering then that the war will exist throughout the year, what then are apt to be its effects on Canada, financially, commercially, and agriculturally, and its special bearing on the Province of British Columbia? Without attempting to give any extended treatment, if this be possible, a consideration of some of the outstanding features would possess some advantages.

The position of New York as an international money market has been advanced beyond what it had hardly dared to hope before the war. It is now the largest free market for money. The very exigencies of war have literally forced it to take on international transactions, and even London itself is using New York exchange for the settlement of neutral accounts. The bearing of New York on Canadian finance is intimate, and grow-

ing more so. Not only have British loans to the Dominion been settled by New York exchange, but Canadian credit in New York for the past two decades has been high. Why Canada has not borrowed more extensively in New York is because London was a cheaper and more plentiful market to borrow in. While the purse of the British treasury is wide open for borrowing by the Dominion for war purposes, financing of railway, industrial, and commercial undertakings must of necessity be very limited. At least that is to be expected. For the larger undertakings of Provincial, municipal and railway, and other borrowings, New York will afford a not undesirable field. The price to be paid must of necessity be high, and the need for funds must be

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